



MCI Communications  
Corporation  
1801 Pennsylvania Ave., NW  
Washington, DC 20006  
202 887 2601

Donald Evans  
Director  
Regulatory Affairs

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

April 22, 1994

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W. Room 222  
Washington, D.C. 20554

RE: RM-8448 - Comments of MCI Telecommunications  
Corporation

Dear Mr. Caton:

Enclosed for filing are the original and (4) copies of MCI's Reply Comments in the above captioned proceedings. Please affix a proper notation to mark as received for filing.

Yours truly,



Donald F. Evans

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
Petition for Rulemaking to Amend )  
Part 32 of the Commission's Rules, )  
Uniform System of Accounts for )  
Class A and Class B Telephone )  
Companies to Increase the Dollar )  
Limit for Expensing the Cost of )  
Individual Items of Equipment )

RM-8448

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APR 22 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Comments of MCI Telecommunications Corporation

The United States Telephone Association (USTA) has filed the above captioned petition in which it seeks to expense rather than capitalize unspecified items of equipment which have a value of less than \$2000. MCI can see no good public policy reason to grant USTA's petition and urges the Commission to reject USTA's request for rulemaking.

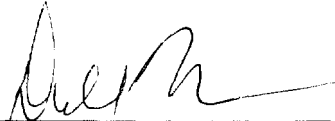
The current Commission Rule, 47 CFR 32.2000(a)(4), provides that certain items of equipment shall be expensed if the value of the item is \$500 or less or have a life of less than one year. USTA believes that this current rule is no longer in the public interest but provides no evidence to support its claim. USTA does propose to amortize the embedded portion of the change it proposes over the remaining life of the individual assets so as to implement its proposal in a revenue neutral manner. MCI has heard too many of these revenue-neutral promises and remains very skeptical that anything promised to be neutral to rates it pays local exchange carriers will ever in fact be neutral. The Commission must also

take note of the impact of granting the USTA proposal on sharing for price cap carriers. Moving to an expense rather than capitalization will reduce the sharing amounts that would otherwise be required to be flowed through to interstate access ratepayers. This result would be unjustified. USTA also cannot resist the temptation to tell the newest of the local exchange carrier myths...the competitive environment. There exists no effective competition for local access services. Nor has the Commission found that effective competition exists for access services. While future growth for interstate access service may one day warrant a revisitation of Commission regulation of LECs, the extremely limited competitive alternatives which exist today do not justify changing the current accounting requirement. No good public policy reason exists to grant an increase in the expense limit for certain items.

Because USTA has not put forth any good public policy reason to review the Commission's current rule, MCI urges the Commission to reject USTA's petition for rulemaking.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION



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Donald F. Evans  
Director, Federal Regulatory Affairs  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006  
202-887-2601

Dated: April 22, 1994

**STATEMENT OF VERIFICATION**

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on April 22, 1994.

A handwritten signature in dark ink, appearing to read 'Donald F. Evans', written over a horizontal line.

Donald F. Evans  
Director, Federal Regulatory Affairs  
1801 Pennsylvania Avenue, N.W.  
Washington, DC 20006  
(202) 887-2601

CERTIFICATE OF SERVICE

I, Donna Kunko, do hereby certify that copies of the foregoing MCI's Reply Comments were sent via first class mail, postage paid, to the following on this 22nd day of April, 1994.

Richard Metzger\*\*  
Acting Chief, Common Carrier  
Bureau  
Federal Communications Commission  
1919 M Street, N.W. Room 500  
Washington, DC 20554

Gerald Vaughan\*\*  
Federal Communications Commission  
1919 M Street, N.W. Room 500  
Washington, DC 20554

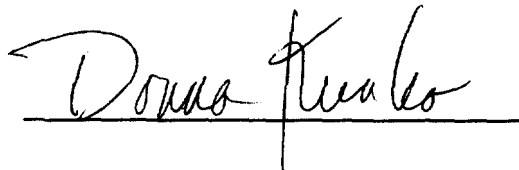
Kenneth P. Moran\*\*  
Federal Communications Commission  
2000 L Street, N.W. Room 1600E  
Washington, DC 20554

Ken Ackerman\*\*  
Federal Communications Commission  
2000 L Street, N.W. Room 812  
Washington, DC 20554

ITS\*\*  
1919 M Street, N.W., Room 246  
Washington, DC 20554

Linda Kent  
Associate General Counsel  
United States Telephone  
Association  
1401 H Street, N.W.  
Suite 600  
Washington, DC 20005

HAND DELIVERED \*\*

A handwritten signature in cursive script, reading "Donna Kunko", is written over a horizontal line.